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TAGS: [PGOV](#) [PREL](#) [ETRD](#) [EINV](#) [PE](#) [BR](#)
SUBJECT: LULA-GARCIA MEETING A "LOVE-FEST" ACCORDING TO TOP
MFA OFFICIAL

Classified By: Polcouns Alex Margulies for Reasons 1.4 (b,d)

¶1. (C) SUMMARY: The Peruvian Foreign Ministry's Undersecretary for Political Affairs, Pablo Portugal, described the 6/13 meeting in Brasilia between President-elect Alan Garcia and Brazilian President Lula da Silva as a "love-fest," during a 6/14 coffee with the Ambassador. According to Portugal, Garcia and Lula are old friends who see eye-to-eye on economic, social and regional integration policies. In addition, he said, the GOB, with Itamaraty in the lead, sees Garcia's victory as a needed reverse for Venezuelan President Hugo Chavez, which "restores regional equilibrium." END SUMMARY.

¶2. (C) The Ambassador, accompanied by DCM and Poloffs, hosted U/S Portugal and the Foreign Ministry's U/S for the Americas Luis Sandoval for coffee on 6/14. Portugal described the Foreign Ministry's efforts to reach out to Garcia's foreign policy team to prepare for the presidential transition, then spent most of the remainder of the 90-minute meeting recounting the atmospherics and substance of Garcia's meeting with Lula, based on written and verbal accounts and analysis provided by Peru's Ambassador to Brazil Hernan Couturier Mariategui.

¶3. (C) According to Portugal, Lula and Garcia resumed their warm friendship dating back two decades in what he described as a "love fest," adding that if the Toledo-Lula relationship has been a "partnership," the Garcia-Lula relationship will be a "marriage." He added that this "marriage" should be cemented further during Garcia's post-inauguration State visit to Brazil, which has been set for 8/23-24.

¶4. (C) Lula led off the meeting, Portugal recounted, by listing what he saw as key points/initiatives for the future of the Brazil-Peru relationship:

-- Physical integration between Brazil and Peru, and toward this end, the completion of the interoceanic highways linking the two countries.

-- Cooperation between Brazil and Peru in poverty assistance programs. Lula noted that Brazil's program "De Bolsa Familia" resembled the GOP program "Juntos," which he enjoined Garcia to continue.

-- A public meeting between Brazilian and Peruvian private sector representatives to discuss possible shared initiatives.

-- Notice that the Brazilian Grupo Grau business consortium is interested in purchasing the Peruvian steel manufacturer,

Siderperu.

-- A regional military, economic and political alliance between the two countries. Lula emphasized that Brazil did not seek "hegemony" through an alliance with Peru, but saw this as a vehicle to bring together South America so that the entire region could become a global actor on a par with China and India.

¶5. (C) Garcia, Portugal related, welcomed Lula's interest in a closer relationship. He praised Lula's responsible fiscal policies. He also reassured Lula with regard to Brazil's ambitions for regional leadership, saying that he preferred the hegemony of Brazil to that of the United States. Garcia then ticked off his own ideas about future areas of cooperation, including his desire to see the following:

-- More joint ventures between Brazilian and Peruvian companies.

-- Help from Brazil in developing new energy technologies, including ethanol and biodiesel.

-- More investment from the Brazilian state hydrocarbons company, Petrobras, in Peru.

-- Brazilian participation in the construction of side roads and access roadways from the interoceanic highways that will link the two countries, as well as provide an outlet to the Brazilian river port of Manaus for agricultural products from Peru's Amazonian regions.

-- Brazilian assistance in helping Peru to develop policies friendly to small and medium-sized businesses.

-- Technical assistance from Brazil's "De Bolsa Familia" program for its Peruvian counterpart, "Juntos" so that Brazil's success in this area could be replicated in Peru.

-- A visit from soccer superstar Pele to Peru to promote youth sports activities.

¶6. (C) Portugal stressed the outstanding atmospherics of the meeting, noting that Garcia and Lula have been friends for decades. He also emphasized the value of a strong Brazilian-Peruvian relationship in countering Chavez. In this respect, he said, the Brazilian Government, and Itamaraty in particular, were delighted to see Garcia triumph over Ollanta Humala, viewing this as a much-needed reverse for Chavez and a "restoration of regional equilibrium."

¶7. (C) Portugal noted that the Brazilians have thus far tried to manage Chavez by ignoring his more outrageous outbursts and actions. The Ambassador replied that, while he understood Brazil's logic in trying to contain its unruly neighbor, such policies had showed their limits recently with Chavez inciting Evo Morales to nationalize Petrobras' interests in Bolivia's hydrocarbon sector. Portugal agreed with this assessment and observed that Peru, perhaps alone in South America, has virtually no significant economic interests that could be affected by Venezuela, and thus is not subject to constraints in confronting the Venezuelan leader when he oversteps the mark.

COMMENT:

¶8. (C) While we defer to Embassy Brasilia regarding the GOB's views on the Lula-Garcia meeting and on the effect Garcia's election has had on regional politics, we offer Portugal's assessment as representative of how the Peruvian Government, and presumably President-elect Garcia, view their country's future relations with Brazil.

¶9. (C) We believe that Garcia will seek to have a very good relationship with the U.S., but will put most of his energy

into relations with Brazil, Chile, and Colombia. Garcia is clearly interested not just in coordination with fellow socialists in Brazil and Chile, with whom he feels an affinity, but in projecting leadership viz-a-viz Venezuela, greater infrastructure integration, and increasing presently-anemic levels of regional trade.

¶10. (C) Garcia's likely approach represents a slight but not radical shift from the Toledo government, which considered the formation of a "strategic relationship" with Brazil to be its most important foreign policy achievement. It has only been in the past year that the Toledo government has spoken publicly of a "strategic relationship with autonomy" in regard to the U.S. This happened only after we braced then-Foreign Minister Rodriguez Cuadros for acting as though the relationship with the United States -- Peru's largest aid donor, investor, commercial partner, and strongest supporter when Toledo's democratic legitimacy was questioned -- was only important for its commercial dimension.

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